

# AGENDA

## Housing Stakeholders Group

April 28, 2014

**5:30 p.m. – 9:00 p.m.**

Location:     **Lovettsville Room (First Floor)**  
Loudoun County Government Center

5:30 p.m. – 6:00 p.m.	<b>Dinner</b>	All
6:00 p.m. – 6:05 p.m.	<b>Welcome</b>	Chairman Robert Klancher
6:05 p.m. – 6:10 p.m.	<b>Approval of April 7, 2014 Meeting Summary (Attachment 1)</b>	Chairman Robert Klancher
6:10 p.m. – 7:30 p.m.	<b>Goals, Objectives and Recommendations (Attachment 2)</b> <ul style="list-style-type: none"><li>• <b>Approval / Votes</b></li></ul>	All
7:30 p.m. – 7:45 p.m.	<b>Break</b>	
7:45 p.m. – 8:00 p.m.	<b>HSG Board Item for May 21, 2013</b>	Linda Neri
8:00 p.m. – 8:30 p.m.	<b>Wrap up</b>	Chairman Robert Klancher

*If you require a reasonable accommodation for any type of disability in order to participate in the Housing Stakeholders Group meeting, please contact Eileen Mallory at (703) 737-8873. Three business days advance notice is requested.*



Loudoun County, Virginia

## HOUSING STAKEHOLDER GROUP **DRAFT** MEETING SUMMARY

<b>Date:</b> April 7, 2014					
<b>Location:</b> County Government Center, 1 Harrison Street, N.E., Lovettsville Room, Leesburg, Virginia					
<b>Staff Present:</b>					
<b>Group Members</b>					
James Anders	Y	David McWatters	Y	Dwight Stonerook	Y
Dawn Billow	Y	Allison Krista Metzger	Y	Helena Syska	Y
Shaun Kelley	Y	John Mossgrove	Y	Teresa Whitmore	Y
Bob Klancher	Y	Esther Price-Johnson	Y	Christine Windle	Y
Richard Klusek	Y	Ryan Sauder	N	Supervisor Suzanne Volpe <i>Ben Fornwalt attended on behalf of Sup. Volpe</i>	Y
Pamela McGraw	Y	Steve Schulte	Y		
Linda Neri Marrocco		Sarah Coyle Etro	Cindy Keegan	Eileen Mallory	Kelly

**Agenda:** Welcome; Approval of March 10 and March 24, 2014, Draft Meeting Summaries; Demographer's Pipeline Study; Outstanding Issues: Clarification on Recommendations #19, #25 and #34, HOA and Property Management Issues, ADUAB Recommended Amendments to Article VII; Goals, Objectives and Recommendations; Summary / Next Meeting.

**Welcome:** Chairman Klancher welcomed everyone to the meeting.

**Approval of March 10 and March 24 Meeting Summaries:** Minor edits were made to the March 10<sup>th</sup> meeting summary. Chairman Klancher requested a motion to approve the March 10 meeting summary as amended. Vice Chair Syska made a motion to approve the meeting summary. Ms. McGraw seconded the motion. The March 10 meeting summary was approved as amended 14-0-2 (Ryan Sauder and Teresa Whitmore absent for the vote).

Chairman Klancher requested a motion to approve the March 24 meeting summary as written. Vice Chair Syska made a motion to approve the meeting summary as written. Mr. Stonerook seconded the motion. The March 24 meeting summary was approved as written 13-0-1-2 (James Anders abstained; Ryan Sauder and Teresa Whitmore absent for the vote).

**Demographer's Pipeline Study:** Jill Kaneff, Demographer, presented the County's demographic forecasts. Ms. Kaneff discussed forecast data components, planning subareas, traffic analysis zones, and the 2013 Fiscal Impact Committee and Council of Governments (COG) housing forecasts. Ben Mays, Director of Management & Financial Services, provided a historical brief on the County's long range demographic and economic planning that tie into the County's growth management strategies and the long-range financial and capital facilities planning. Julie Pastor, Director of the Department Planning, was present to clarify planning and zoning matters.

**Outstanding Issues:**

**Clarification on Recommendations #19, #25, and #34 (attached):**

Recommendation #19 – Explore County ownership of ADU rentals considering property management options. Clarification on the intent of having the County entering the rental market with a public entity managing properties was requested. The Housing Stakeholders Group (Group) unanimously agreed not to change their original recommendation to not forward this recommendation to the Board of Supervisors (BOS) as decided during their March 10 meeting. This recommendation will not be forwarded to the Board of Supervisors (BOS).

Recommendation #25 – Give existing ADU renters first preference on the waiting list. During the Group's March 24 meeting, there was an even split vote on the following two motions: (1) Allow ADU renters first preference within 90 days prior to covenant expiration, and (2) Do not allow first preference, keep the process as is. Due to lack of support, the recommendation will not be forwarded to the BOS. Staff requested if the Group was interested in revisiting this issue. The Group did not change their original recommendation. Staff clarified (1) that the County maintains a waiting list for rentals, and (2) a waiting list priority system exists for the initial lottery of brand new projects; after that, it is first come first. Therefore, the process should remain as is.

Recommendation #34 – Determine a sustained funding stream for affordable housing needs. This motion was passed at the March 24 meeting. Staff asked if the Group wanted to enhance the recommendation with more detail. The Group agreed to leave their recommendation as is.

**HOA and Property Management Issues:**

Ms. Neri discussed the outcome of the February 3<sup>rd</sup> meeting between Staff, Chairman Klancher, Ms. Whitmore and the Stone Ridge Homeowners Association. The Group reviewed and discussed Ms. Neri's April 3, 2014 memo (attached) to the Group which detailed four issues and potential solutions.

The four issues were:

1. There has been mixed information from the County Attorney's office with respect to foreclosures and the Jefferson case.
2. HOAs and Property Managers are having difficulty in getting assistance from the County when addressing non-compliant ADUs regarding property maintenance issues.
3. HOAs and Property Managers have spent substantial funds to make property improvements when the property owner is in financial stress.
4. HOAs find that it takes an inordinate amount of time to seek financial remedy when an ADU unit falls into financial distress such as foreclosures (i.e. due to delinquent homeowner fees and property maintenances issues). Should the property be purchased back in the ADU program, there is no opportunity for the HOAs to recover any of its costs.

With respect to Issue #1, the County Attorney will assign one point of contact for housing issues.

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He will also prepare an issue/position paper regarding the Jefferson case to alleviate any confusion regarding the Jefferson ruling.

The Group did not agree to Issue #2's Potential Solution to "convene a group of HOAs and staff from Building and Development, specifically Code Enforcement" to address non-compliant ADU's regarding property maintenance issues.

Issue #3's Potential Solution regarding establishing funding mechanisms to offset property maintenance expenses for non-compliant ADUs was not supported by the Group.

The Group agreed to Issue #4's Potential Solution. The recommendation agreed to was: "The County would establish a policy not to purchase an ADU resale unit that has been subject to a judicial sale (i.e. Tanzanite property) thereby allowing the unit to be sold at market rate. Should the County exercise its option to purchase the unit, it would be done with the understanding that there would be some financial reimbursement to the HOA to recover costs."

### **ADUAB Recommended Amendments to Article VII:**

The Group reviewed the Affordable Dwelling Unit Advisory Board's (ADUAB) recommended revisions to Article 7 and Chapter 1450 (attached). ADUAB's recommendations will be noted in the Group's Staff Report. Specifically, it will be noted that ADUAB is currently working on its recommended changes to Article VII. Should the Board choose to move forward with a zoning ordinance amendment, the Board should take under advisement ADUAB's recommendations as well. ADUAB will submit under separate cover their recommendations and/or comments to the BOS when Article 7 is revised.

**Goals, Objectives and Recommendations:** The Group reviewed seven goals, objectives and recommendations which Staff organized from the Group's recommendations and notes. Staff distributed copies of revised Goal 4 to replace the copy that was sent to the Group via email on April 4. The final goals, objectives and recommendations will be voted on during the April 28 meeting and then forwarded to the BOS via the staff report.

### ***Actions:***

- ***Staff will review Fairfax County's Housing Blueprint for possible content to be included in the Staff report to the BOS.***
- ***Staff will wordsmith Objective A in Goal 7.***
- ***Staff will finalize the recommendations.***

### **Summary / Next Meeting:**

Ms. Neri stated that the Group's recommendations will be distributed to the appropriate County departments for review. Chairman Klancher thanked everyone for their hard work and efforts.

The next meeting will be held on April 28 at 5:30pm\* (***new start time***) in the Lovettsville Room (1<sup>st</sup> floor).

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 1:** ~~Ensure~~ The County's long range housing strategy ~~will~~ provides for a spectrum of housing opportunities to support economic health and quality of life.

### Objectives:

- A. Establish clear and quantifiable goals.
- B. Provide and maintain affordable housing to accommodate needs within the County and the region.
- C. Establish the optimum organizational structure to ensure successful implementation.

### Recommendations:

1. Determine the County's desired ADU strategy to include:
  - More focus on rental market and increasing the incomes served to beyond 50% of the Area Median Income (AMI).
  - Set clear and quantifiable goals.
  - ~~Analyze the Revised General Plan to identify need and determine land use balance between residential and non-residential users.~~
  - Analyze long-term viability ~~for~~ of For Sale Program, proffer convertibility and flexibility in unit type.
2. Update the AECOM Study or a similar study to identify needs and guide the housing strategy.
3. Develop a Housing Blueprint which establishes goals for affordable housing.
4. Determine the best organizational structure to achieve the County's housing goals. At a minimum, the housing entity should be an office or department, or act as a housing authority.
5. Establish a formal communication mechanism between the Board of Supervisors and all the County's housing groups (i.e., Affordable Dwelling Unit Advisory Board (ADUAB), the Housing Advisory Board (HAB), the Economic Development Advisory Committee (EDAC), etc.) which includes annual updates to the Board of Supervisors on the groups' activities and recommendations.
6. Determine a sustained, dedicated funding stream to address the County's affordable housing needs.
- 6.7. ~~Analyze the Revised General Plan to identify need and determine land use use balance between residential and non-residential users.~~

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 2:** ~~Ensure~~ ~~The~~ the County will work in partnership with non-profit and for-profit entities committed to the provision of a wide range of housing opportunities by offering technical and financial assistance.

### Objectives:

- A. Incentivize non-profit and for-profit housing developers in order to provide a wide range of affordable housing.
- B. Provide technical and County organizational support to non-profits and for-profits pursuing affordable housing projects.

### Recommendations:

1. Establish incentives for non-profits and for-profits to include:
  - Fee Waivers
  - Expedited Processing
  - Tax Exemptions
  - Letters of Support
  - Bonus densities for affordable housing
  - Land Assistance:
    - Public Property (~~i.e. redevelopments and rezonings~~)
    - Purchase assistance
    - Dedicated Land (i.e., ground lease)
    - Redevelopment and rezoning
    - Bonus Densities
2. Establish a dedicated team or ombudsman to serve as point of contact and assist for-profits and non-profits to build affordable housing units. Provide assistance with:
  - Land Use Applications
  - Creative Problem Solving
  - County Housing Programs
  - Financing Streams (i.e., Federal, State, local)
3. Develop a strategy to leverage the Housing Trust Fund to best address the County's affordable housing needs.
4. Seek legal guidance with respect to the possibility of amending the Housing Trust Fund agreement established in 1997 for the purpose of expanding its use beyond the 30 – 70% AMI. This would include reviewing current proffer language to expand potential uses of the existing Housing Trust Fund.
5. Expand funding opportunities through Federal and State resources by ensuring County ordinances and regulations align with non-profit and for profit entities that are

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providing affordable housing (i.e. relaxing the ADU covenants and dispersion requirements).

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 3:** ~~Ensure that~~ ~~T~~the County will establish an aggressive, promotion-focused marketing strategy.

### Objectives:

- A. Raise awareness about housing programs and opportunities to prospective participants through a multi-pronged approach.
- B. Establish clear and quantifiable goals.
- C. Aggressively market ADU purchase opportunities within the 90-day marketing period. Keep properties within the ADU program by avoiding market rate conversions in 90 days.
- D. Ensure a variety of avenues for access to information.

### Recommendations:

1. Rebranding (i.e., by a consultant or County's Public Affairs Office).
2. Formalize outreach to existing ADU rental participants regarding the ADU For-Sale program.
3. Develop a formal marketing plan for the rental, resale and new construction programs that includes the following:
  - Quarterly Housing Fairs and Open Houses
  - Housing Resource Centers as pilot (manned or unmanned)
  - Public Service Announcements
  - ~~4.~~ Provide Realtor assistance on ADU sales. The County should change its RFP for real estate services and Chapter 1450 to reflect a seller/broker and a buyer/broker. (Please note this recommendation also appears under the amendments to the Codified Ordinance as well.).
  - Explore sponsorships to offset expenses and broaden exposure.
  - Provide comprehensive and sustained outreach to lenders, realtors, existing ADU renters, non-profits, the Business Community (including the CEO Cabinet and the Chamber of Commerce).
  - Aggressive marketing approach during the 90-day marketing period.
  - Send housing programs information with the ~~tax~~ bills.



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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 4:** ~~Ensure~~ ~~A~~as many ~~F~~for-~~S~~ale units as possible remain in the ADU program to help address the County's affordable housing needs.

### Objectives:

- A. Educate Future homeowners ~~about~~ ~~re-educated in~~ homeownership.
- B. Facilitate ~~Home~~ ~~the inclusion of home~~ construction upgrades ~~in the unit's financing are facilitated,~~ when reasonable.
- C. Ensure ADU Homeowners are “neighbors in good standing” within their HOAs.
- D. Develop better partnership~~s~~ between the County and HOAs.

### Recommendations:

1. Allow functional upgrades up to \$10,000 to be financed within a mortgage.
2. Reformat intake sessions to include choices of evening, weekend and on-line sessions. HOA information, such as dues and rules, ~~to~~ ~~will~~ be included in the intake session. Include more elements of the HomeCents program with intake sessions.
3. Continue HomeCents class on a quarterly basis. Create a video of the class to include Family Services contact information to be posted online.
4. Require a “member in good standing” letter from HOA in annual affidavit submission.
- ~~5. Explore with the County Attorney the County's appropriate and permissible role in HOA enforcement and foreclosures.~~
- ~~6.5.~~ Develop “readiness to buy” documentation for ADU certificate-holder—signature at intake verifying that they understand their obligations.
- ~~7.6.~~ Review whether the County should restart or extend the covenant when the County purchases an ADU resale unit.
7. Provide Realtor assistance on ADU sales. The County should change its RFP for real estate services and Chapter 1450 to reflect ~~a~~ seller/broker and a buyer/broker. (Please note this recommendation also appears under the amendments to the Codified Ordinance as well.)

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8. Establish a County policy not to purchase an ADU resale unit that has been subject to a judicial sale (i.e. Tanzanite property) thereby allowing the unit to be sold at market rate. Should the County exercise its option to purchase the unit, it would be done with the understanding that there would be some financial reimbursement to the HOA to recover costs.

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 5:** ~~Ensure~~ The County's housing programs will be administered in the most efficient and cost effective manner. These programs are aligned with financial institution requirements which provide financing to ADU participants and with non-profit and for-profit organizations that provide affordable housing.

### Objective:

- A. Align County program requirements with those of financing institutions.
- B. Bi-annually assess the effectiveness of housing programs in accordance with ~~the-a~~ Housing Blueprint.

### Recommendations:

1. Require Tri Merge report at time of ADU certification to be compatible with financial applications and loan pre-approval, thereby eliminating FICO score.
2. Provide pre-approval commitment ~~approval~~ for the Down Payment and Closing Cost (DPCC) Program loan upon application.
3. Provide applicants with a DPCC information chart showing ratios for various income qualifications versus determining one standard amount for all ADU income levels.
4. Provide applicants with DPCC certification process timeline.
5. Provide lenders with one-page DPCC FAQ.
6. Allow landlords to certify ADU rental applications via a consistent County process with the stipulation that property managers/landlords ~~be-are~~ subject to audits. The County will continue to maintain and provide updated waiting lists.

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 6.** The County's ~~Expand~~ housing programs will be expanded to better support housing stability and provide opportunities to work toward homeownership.

### Objectives:

- A. Support ADU rental participants seeking housing stability.
- B. Encourage ADU rental participants to progress to home-ownership and/or market-rate rentals.

### Recommendations:

- 1. Assist ADU rental participants to transition to new housing once program income limit is exceeded.
- 2. Provide information and outreach to ADU rental participants to inform them of the ADU For-Sale Program and other housing opportunities.
- 3. Establish a program that allows ADU rental participants to stay within the program for up to two years once the maximum income level-limit has been reached. (Note this recommendation appears under amendments to Article VII as well.)
- 4. Expand the means by which rental participants are notified of covenant expirations by:
  - Including the covenant expiration date in every annual renewal notice.
  - Sending the certificate holder a one-year notice and then a second notification six months prior to covenant expiration date.
  - Requesting landlords to add a copy of the covenants to the lease, when executed, noting the expiration date.
  - Requiringe landlords to provide certificate holders an annual notice, when the covenants expire on the property, to each of the renters.
- 5. Consider a process and mechanism by which ADU rentals may be made available at the market rate when there are no ADU renters on the waiting list. These could be offered at incremental income levels (i.e. 50% to 70% AMI and then 70% to 100% AMI) with the understanding that the unit would convert back to the ADU rental program once the market rate renter vacates the unit.
- 6. Consider additional financial rental subsidies for those Loudoun citizens who are on fixed incomes (i.e. seniors, veterans, and the disabled).

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 7:** ~~Ensure that~~ County policies and regulations best address Loudoun County's housing needs.

### Objectives:

- A. Ensure ADU rental covenants ~~should are~~ flexible ~~timeframes~~ to allow for flexibility in the funding requirements with of Federal, State and other financing programs including the Low Income Housing Tax Credit program (LIHTC).
- B. Ensure the timeframe provided for the sale of an ADU to certificate holders is consistent with market dynamics.
- C. Modify the requirements and guidelines of affordable rental units to allow for the utilization of financing sources such as VHDA and LIHTC to give flexibility.

### Recommendations:

1. Amend Article VII to include:
  - ~~Provide for Realtor assistance to ADU seller enabling commission on the sale price.~~
  - ~~Review rRental and Ffor Sale covenants and clarify that they terminate upon foreclosure.~~
  - Provide buy-out option for multi-family rental units (i.e., cash in lieu).
  - Provide for offsite ADU units.
  - Accommodate various rental options & approaches, such as clustering as opposed to dispersing units, to better mesh with various financing options.
  - Provide flexibility to permit conversions within existing rezoning proffers (i.e. townhouses to apartments).
  - Allow renters to staying within the ADU rental program for up to two years once maximum income level-limit has been reached, consider broadening income range beyond program requirements.
  - ~~Consider revamping the role of ADUAB to consolidate responsibilities with other housing advisory groups.~~
2. Amend Section 1450 of the Codified Ordinance to include:
  - Provide for Realtor assistance to ADU seller enabling commission on the sale.
  - Review Rental and For Sale covenants and clarify that they terminate upon foreclosure.
  - Consider revamping the role of ADUAB to consolidate responsibilities with other housing advisory groups.
  - Allow renters to staying within the ADU rental program for up to two years once maximum income level-limit has been reached, consider broadening income range beyond requirements.
3. Retain 30-70% AMI for ADU Program, however, develop more programs to meet

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affordable housing needs that fall outside the 30-70% AMI in conjunction with identified future affordable housing need.

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## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 1:** The County's long range housing strategy provides for a spectrum of housing opportunities to support economic health and quality of life.

### Objectives:

- A. Establish clear and quantifiable goals.
- B. Provide and maintain affordable housing to accommodate needs within the County and the region.
- C. Establish the optimum organizational structure to ensure successful implementation.

### Recommendations:

1. Determine the County's desired ADU strategy to include:
  - More focus on rental market and increasing the incomes served to beyond 50% of the Area Median Income (AMI).
  - Set clear and quantifiable goals.
  - Analyze long-term viability of For Sale Program, proffer convertibility and flexibility in unit type.
2. Update the AECOM Study or a similar study to identify needs and guide the housing strategy.
3. Develop a Housing Blueprint which establishes goals for affordable housing.
4. Determine the best organizational structure to achieve the County's housing goals. At a minimum, the housing entity should be an office or department, or act as a housing authority.
5. Establish a formal communication mechanism between the Board of Supervisors and all the County's housing groups (i.e., Affordable Dwelling Unit Advisory Board (ADUAB), the Housing Advisory Board (HAB), the Economic Development Advisory Committee (EDAC), etc.) which includes annual updates to the Board of Supervisors on the groups' activities and recommendations.
6. Determine a sustained, dedicated funding stream to address the County's affordable housing needs.
7. Analyze the Revised General Plan to identify need and determine land use balance between residential and non-residential users.

## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 2:** The County will work in partnership with non-profit and for-profit entities committed to the provision of a wide range of housing opportunities by offering technical and financial assistance.

### Objectives:

- A. Incentivize non-profit and for-profit housing developers in order to provide a wide range of affordable housing.
- B. Provide technical and County organizational support to non-profits and for-profits pursuing affordable housing projects.

### Recommendations:

1. Establish incentives for non-profits and for-profits to include:
  - Fee Waivers
  - Expedited Processing
  - Tax Exemptions
  - Letters of Support
  - Bonus densities for affordable housing
  - Land Assistance:
    - Public Property
    - Purchase assistance
    - Dedicated Land (i.e., ground lease)
    - Redevelopment and rezoning
    - Bonus Densities
2. Establish a dedicated team or ombudsman to serve as point of contact and assist for-profits and non-profits to build affordable housing units. Provide assistance with:
  - Land Use Applications
  - Creative Problem Solving
  - County Housing Programs
  - Financing Streams (i.e., Federal, State, local)
3. Develop a strategy to leverage the Housing Trust Fund to best address the County's affordable housing needs.
4. Seek legal guidance with respect to the possibility of amending the Housing Trust Fund agreement established in 1997 for the purpose of expanding its use beyond the 30 – 70% AMI. This would include reviewing current proffer language to expand potential uses of the existing Housing Trust Fund.
5. Expand funding opportunities through Federal and State resources by ensuring County ordinances and regulations align with non-profit and for profit entities that are providing affordable housing (i.e. relaxing the ADU covenants and dispersion requirements).



## **HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS**

**GOAL 3:** The County will establish an aggressive, promotion-focused marketing strategy.

### **Objectives:**

- A. Raise awareness about housing programs and opportunities to prospective participants through a multi-pronged approach.
- B. Establish clear and quantifiable goals.
- C. Aggressively market ADU purchase opportunities within the 90-day marketing period. Keep properties within the ADU program by avoiding market rate conversions in 90 days.
- D. Ensure a variety of avenues for access to information.

### **Recommendations:**

- 1. Rebrand (i.e., by a consultant or County's Public Affairs Office).
- 2. Formalize outreach to existing ADU rental participants regarding the ADU For-Sale program.
- 3. Develop a formal marketing plan for the rental, resale and new construction programs that includes the following:
  - Quarterly Housing Fairs and Open Houses
  - Housing Resource Centers as pilot (manned or unmanned)
  - Public Service Announcements
  - Provide Realtor assistance on ADU sales. The County should change its RFP for real estate services and Chapter 1450 to reflect a seller/broker and a buyer/broker. (Please note this recommendation also appears under the amendments to the Codified Ordinance as well.).
  - Explore sponsorships to offset expenses and broaden exposure.
  - Provide comprehensive and sustained outreach to lenders, realtors, existing ADU renters, non-profits, the Business Community (including the CEO Cabinet and the Chamber of Commerce).
  - Aggressive marketing approach during the 90-day marketing period.
  - Send housing programs information with the bills.

## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 4:** As many For-Sale units as possible remain in the ADU program to help address the County's affordable housing needs.

### Objectives:

- A. Educate future homeowners about homeownership.
- B. Facilitate the inclusion of home construction upgrades in the unit's financing when reasonable.
- C. Ensure ADU Homeowners are "neighbors in good standing" within their HOAs.
- D. Develop better partnerships between the County and HOAs.

### Recommendations:

1. Allow functional upgrades up to \$10,000 to be financed within a mortgage.
2. Reformat intake sessions to include choices of evening, weekend and on-line sessions. HOA information, such as dues and rules, will be included in the intake session. Include more elements of the HomeCents program with intake sessions.
3. Continue HomeCents class on a quarterly basis. Create a video of the class to include Family Services contact information to be posted online.
4. Require a "member in good standing" letter from HOA in annual affidavit submission.
5. Develop "readiness to buy" documentation for ADU certificate-holder signature at intake verifying that they understand their obligations.
6. Review whether the County should restart or extend the covenant when the County purchases an ADU resale unit.
7. Provide Realtor assistance on ADU sales. The County should change its RFP for real estate services and Chapter 1450 to reflect seller/broker and a buyer/broker. (Please note this recommendation also appears under the amendments to the Codified Ordinance as well.)
8. Establish a County policy not to purchase an ADU resale unit that has been subject to a judicial sale (i.e. Tanzanite property) thereby allowing the unit to be sold at market rate. Should the County exercise its option to purchase the unit, it would be done with the understanding that there would be some financial reimbursement to the HOA to recover costs.

## **HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS**

**GOAL 5:** The County's housing programs will be administered in the most efficient and cost effective manner. These programs are aligned with financial institution requirements which provide financing to ADU participants and with non-profit and for-profit organizations that provide affordable housing.

### **Objectives:**

- A. Align County program requirements with those of financing institutions.
- B. Bi-annually assess the effectiveness of housing programs in accordance with a housing blueprint.

### **Recommendations:**

1. Require Tri Merge report at time of ADU certification to be compatible with financial applications and loan pre-approval, thereby eliminating FICO score.
2. Provide pre-approval commitment for the Down Payment and Closing Cost (DPCC) Program loan upon application.
3. Provide applicants with a DPCC information chart showing ratios for various income qualifications versus determining one standard amount for all ADU income levels.
4. Provide applicants with DPCC certification process timeline.
5. Provide lenders with a one-page DPCC FAQ.
6. Allow landlords to certify ADU rental applications via a consistent County process with the stipulation that property managers/landlords are subject to audits. The County will continue to maintain and provide updated waiting lists.

## HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS

**GOAL 6:** The County's housing programs will be expanded to better support housing stability and provide opportunities to work toward homeownership.

### Objectives:

- A. Support ADU rental participants seeking housing stability.
- B. Encourage ADU rental participants to progress to home-ownership and/or market-rate rentals.

### Recommendations:

1. Assist ADU rental participants to transition to new housing once program income limit is exceeded.
2. Provide information and outreach to ADU rental participants to inform them of the ADU For-Sale Program and other housing opportunities.
3. Establish a program that allows ADU rental participants to stay within the program for up to two years once the maximum income limit has been reached. (Note this recommendation appears under amendments to Article VII as well.)
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  - Including the covenant expiration date in every annual renewal notice.
  - Sending the certificate holder a one-year notice and then a second notification six months prior to covenant expiration date.
  - Requesting landlords to add a copy of the covenants to the lease, when executed, noting the expiration date.
  - Requiring landlords to provide certificate holders an annual notice, when the covenants expire on the property, to each of the renters.
5. Consider a process and mechanism by which ADU rentals may be made available at the market rate when there are no ADU renters on the waiting list. These could be offered at incremental income levels (i.e. 50% to 70% AMI and then 70% to 100% AMI) with the understanding that the unit would convert back to the ADU rental program once the market rate renter vacates the unit.
6. Consider additional financial rental subsidies for those Loudoun citizens who are on fixed incomes (i.e. seniors, veterans, and the disabled).

## **HOUSING STAKEHOLDERS GROUP RECOMMENDATIONS**

**GOAL 7:** County policies and regulations best address Loudoun County's housing needs.

### **Objectives:**

- A. Ensure ADU rental covenants are flexible to allow for flexibility in the funding requirements of Federal, State and other financing programs including the Low Income Housing Tax Credit program (LIHTC).
- B. Ensure the timeframe provided for the sale of an ADU to certificate holders is consistent with market dynamics.
- C. Modify the requirements and guidelines of affordable rental units to allow for the utilization of financing sources such as VHDA and LIHTC to give flexibility.

### **Recommendations:**

1. Amend Article VII to include:
  - Provide buy-out option for multi-family rental units (i.e., cash in lieu).
  - Provide for offsite ADU units.
  - Accommodate various rental options & approaches, such as clustering as opposed to dispersing units, to better mesh with various financing options.
  - Provide flexibility to permit conversions within existing rezoning proffers (i.e. townhouses to apartments).
  - Allow renters to stay in the ADU rental program for up to two years once maximum income limit has been reached; consider broadening income range beyond program requirements.
2. Amend Section 1450 of the Codified Ordinance to include:
  - Provide for Realtor assistance to ADU seller enabling commission on the sale.
  - Review Rental and For Sale covenants and clarify that they terminate upon foreclosure.
  - Consider revamping the role of ADUAB to consolidate responsibilities with other housing advisory groups.
  - Allow renters to stay in the ADU rental program for up to two years once maximum income limit has been reached; consider broadening income range beyond requirements.
3. Retain 30-70% AMI for ADU Program; however, develop more programs to meet affordable housing needs that fall outside the 30-70% AMI in conjunction with identified future affordable housing need.